



**Milwaukee County Employees' Retirement System (ERS)
December 1, 2021 Actuarial, Audit, and Risk Committee Meeting
MINUTES**

Call to Order

Pension Board Secretary Erika Bronikowski called the Actuarial, Audit, and Risk Committee meeting to order at 10:05 a.m. on Wednesday, December 1, 2021. The meeting was held virtually due to Milwaukee County's and the City of Milwaukee's Stay Safe MKE initiative limiting gatherings in light of the COVID-19 pandemic.

Committee Members Present:

David Robles
Rob Worzalla
Elena LaMendola

Others Present:

Erika Bronikowski, Retirement Plan Services
Tina Lausier, Retirement Plan Services
Jessica Culotti, Reinhart Boerner Van Deuren
Judd Taback, Office of Corporation Counsel
Stefanie Scasser, Office of Corporation Counsel
Kimberly Smith, Financial Recovery Technologies
Emily Fortin, Financial Recovery Technologies
Robert Marotta, Broadridge
Doug Borths, Levi & Korsinsky
Adam Savett, Levi & Korsinsky
Karen Gallagher, ISS
Tyrene Peterman, ISS
Jeffrey Lubitz, ISS
Ivar Eilertsen, ISS

Other Pension Board Members Present:

1. Topic: Election of Actuarial, Audit, and Risk Committee Chairperson

Ms. Bronikowski explained that Fernando Aniban's term ended and the Committee needs to elect a Chair. In accordance with the Pension Board and Committee Charter, the Committee appointments will be reassigned in 2022 and a new Chair will be elected at the first meeting of 2022.

Trustee Robles nominated himself to be Committee Chair for this meeting. Trustee Worzalla seconded the motion. The motion passed unanimously.

2. Topic: Chairperson's Report

Committee Chairperson Robles did not offer comments.

3. Topic: Meeting Minutes – March 30, 2021

A motion by Trustee Robles, seconded by Trustee Worzalla, was made to approve the June 9, 2020 and October 27, 2021 Actuarial, Audit, and Risk Committee Meeting minutes. The motion passed unanimously.

4. Topic: Litigation Monitoring

a. Presentation by Financial Recovery Technologies

This item was taken out of order to hear from the external presenters.

Ms. Smith explained what securities class actions are. She continued by providing an overview of Financial Recovery Technologies. She explained that they offer litigation monitoring for domestic and non-U.S. securities as well as antitrust suits. Her firm works with boards to develop shareholder litigation policies. Additionally, she noted that they provide a portal a portal that Board trustees and RPS staff can access.

After Ms. Smith's presentation, Chairperson Robles explained that this Committee will be hearing presentations, then deliberating in closed session. He noted that the Committee may make a recommendation to the Pension Board after deliberating in closed session. The Pension Board will ultimately decide which firm is hired, if any.

b. Presentation by Broadridge

Mr. Marotta provided an overview of Broadridge, a subsidiary of ADP. He explained that they offer litigation monitoring for domestic and non-U.S. securities as well as antitrust suits. His firm works with boards to develop shareholder litigation policies. Additionally, he noted that they provide a portal that Board trustees and RPS staff can access.

c. Follow Up Presentation by Levi & Korsinsky LLP

Mr. Borths provided an overview of Levi & Korsinsky.

Mr. Savett added that they provide active portfolio monitoring and explained that they offer litigation monitoring for domestic and non-U.S. securities as well as antitrust suits. His firm works with Boards to develop shareholder litigation policies. Additionally, he noted that they provide a portal that Board trustees and RPS staff can access.

Mr. Borths noted that multiple firms could be hired by the Board for litigation monitoring.

d. Presentation by ISS

Ms. Gallagher provided an overview of ISS. She explained that they offer litigation monitoring for domestic and non-U.S. securities as well as antitrust suits. Additionally, she noted that they provide a portal that Board trustees and RPS staff can access.

e. Informational Update on Current and Prior Custodians

This item was taken out of order to hear from the external presenters first.

Mr. Bronikowski explained that over the past year, the Milwaukee County Pension Board and the Actuarial, Audit, and Risk Committee have been considering hiring a firm to provide litigation monitoring services.

She explained that the current custodian offers the following services for the securities in their custody: tracking and providing notification of settled lawsuits, filing claims, and posting disbursements to client portfolios. However, they would not be aware of activities that took place outside of their custody.

Ms. Bronikowski further explained that the prior custodian bank confirmed that they continue to provide notice of class actions to former clients.

Ms. Lausier confirmed that she is aware of a few claims that have been received from the prior custodian bank.

5. Topic: Fiduciary Insurance

Ms. Bronikowski explained that each year, the Pension Board works with Milwaukee County's Risk Management Department to bind fiduciary insurance. The information was not yet received from insurance providers and so this item will be added to the agenda for the December 15, 2021 Pension Board meeting.

The Committee entered closed session under Section 19.85(1)(e), Wis. Stats., with regard to item 6 discussing the negotiation related to the expenditure of public moneys or involving public resources and under Section 19.85(1)(g), Wis. Stats., with regard to items 7 through 8b for the purpose of receiving oral or written advice from legal counsel concerning strategy to be adopted with respect to pending or possible litigation.

6. Topic: Deliberation on Litigation Monitoring

The Committee discussed Item 6 in closed session. Upon returning to open session, Chairperson Robles made a motion to recommend to the Board to consider Levi & Korsinsky and FRT for litigation monitoring services. The recommendation includes Levy & Korsinsky as first preference and FRT as second preference. The motion was seconded by Trustee Worzalla. The motion passed unanimously.

7. Topic: Overpayment Collections

The Committee discussed Item 7 in closed session. Upon returning to open session, no action was taken.

8. Topic: Counsel Report

a. Litigation Update

The Committee discussed Item 8a in closed session. Upon returning to open session, no action was taken.

b. 2014 Supplemental VCP Status Update

The Committee discussed Item 8b in closed session. Upon returning to open session, no action was taken.

9. Topic: 2022 RPS Budget Review

Ms. Bronikowski explained that the 2022 budget was still being developed and was awaiting input from the County on budget items that are provided by the County such as salary amounts and rent costs. The 2022 budget has the same content as prior budgets but has been reorganized to clarify which items are paid directly from the tax levy and which are paid from the ERS Fund. She explained that the budget would be updated with the input from the County and any trustees and re-circulated to the Pension Board again in December for approval.

Ms. Lausier added that new accounting methods were implemented by the County last year that results in some of the administrative expenses, such as RPS employee salaries, to be paid directly from the tax levy and not paid by the ERS Fund.

Ms. Bronikowski pointed out the budget item regarding the V3 system upgrade. The total cost of the upgrade project is \$2.1 million. Originally, it was expected that \$1.7 million would be paid in 2021 and \$400,000 would be paid in 2022. One milestone has been moved to 2022 and that is associated with \$700,000 of the cost. Therefore, the Committee will see that line item \$700,000 under budget in 2021.

10. Topic: 2022 Continuing Education Pre-Approval

Ms. Bronikowski explained that trustees request approval for conference attendance from the Pension Board. In recent years, the Board has decided to pre-approve conference attendance for certain organizations. This pre-approval would be for education in 2022. If a trustee desired to attend another conference or continuing education opportunity, they would bring it before the Pension Board for approval.

Ms. Bronikowski explained that the Continuing Education and Travel policy limits travel to three conferences and \$6,000 in travel costs per trustee and recommended pre-approval of conferences sponsored by: the International Foundation of Employee Benefit Plans, National Conference on Public Employee Retirement Systems, and the National Association of State Retirement Administrators.

Chairperson Robles made a motion to recommend to the Pension Board to approve education in 2022 with the International Foundation of Employee Benefit Plans, National Conference on Public Employee Retirement Systems, and National Association of State Retirement Administrators. The motion was seconded by Trustee Worzalla. It passed unanimously.

11. Topic: Adjournment

The meeting adjourned at 1:35 p.m.